

Adopted	Rejected
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## COMMITTEE REPORT

YES:	11
NO:	0

### MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1386, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1       Page 3, between lines 4 and 5, begin a new paragraph and insert:
- 2       "SECTION 2. IC 5-10-8.1-6, AS ADDED BY P.L.162-2001,
- 3       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4       JULY 1, 2002]: Sec. 6. (a) The administrator shall pay or deny each
- 5       clean claim in accordance with section 7 of this chapter.
- 6       (b) An administrator shall notify a provider of any deficiencies in a
- 7       submitted claim not ~~less~~ **more** than:
- 8           (1) thirty (30) days **after the claim is received by the**
- 9           **administrator** for a claim that is filed electronically; or
- 10          (2) forty-five (45) days **after the claim is received by the**
- 11          **administrator** for a claim that is filed on paper;
- 12       and describe any remedy necessary to establish a clean claim.
- 13       (c) Failure of an administrator to notify a provider as required under
- 14       subsection (b) establishes the submitted claim as a clean claim."
- 15       Page 17, between lines 20 and 21, begin a new paragraph and insert:
- 16       "SECTION 11. IC 27-1-3-30 IS ADDED TO THE INDIANA CODE

AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) As used in this section, "company" has the meaning set forth in IC 27-1-3.1-2.**

**(b) When a provision of IC 27 authorizes the commissioner to retain an accountant, an appraiser, an actuary, an attorney, a financial adviser, or another professional or specialist and the provision specifies that the cost of retaining the accountant, appraiser, actuary, attorney, financial adviser, or other professional or specialist is to be borne by the company, the following shall occur:**

**(1) The invoice shall be forwarded to the department.**

**(2) The department shall review the invoice.**

**(3) The department shall submit the invoice to the company for payment.**

**(c) The department is not liable for any cost that is required under IC 27 to be borne by a company.**

SECTION 12. IC 27-1-6-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 15. (a) Except as provided in subsection (b) a domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than two hundred fifty thousand dollars (\$250,000). This subsection does not apply to a farm mutual insurance company that is organized under IC 27-5 (before its repeal) or IC 27-5.1.**

**(b) A domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than:**

**(1) seven hundred fifty thousand dollars (\$750,000), if it markets one (1) or more kinds of insurance under both Class II and Class III, other than Class II(k) insurance;**

**(2) one million dollars (\$1,000,000), if it markets one (1) or more kinds of insurance under Class II, including Class II(k) insurance;**  
**or**

**(3) one million dollars (\$1,000,000), if it markets one (1) or more kinds of insurance under both Class II and Class III, including Class II(k) insurance.**

**(c) A domestic mutual company that organized after June 30, 1977, must maintain a surplus of not less than one million two hundred fifty thousand dollars (\$1,250,000). However, when it organizes, it must:**

**(1) have a surplus of not less than two million dollars**

1 (\$2,000,000);  
 2 (2) for the one (1) or more kinds of insurance under Class I that  
 3 it intends to market, have received applications for insurance from  
 4 not less than four hundred (400) persons, each application for an  
 5 amount not less than one thousand dollars (\$1,000), and have  
 6 received the first year's premium due on a policy to be issued on  
 7 each such application; and  
 8 (3) for the one (1) or more kinds of insurance under Class II or  
 9 Class III that it intends to market, have received applications for  
 10 insurance covering not less than eight hundred (800) separate  
 11 risks in not less than forty (40) policies to be issued to not less  
 12 than forty (40) members, and have received premiums amounting  
 13 to not less than one hundred thousand dollars (\$100,000) for those  
 14 policies.

15 (d) A domestic mutual company must deposit with the department  
 16 in cash or in obligations of the United States:

17 (1) twenty-five thousand dollars (\$25,000), if it organized before  
 18 June 30, 1955;  
 19 (2) fifty thousand dollars (\$50,000), if it organized after June 29,  
 20 1955, and before March 7, 1967; or  
 21 (3) one hundred thousand dollars (\$100,000), if it organized after  
 22 March 6, 1967.

23 This subsection does not apply to a **farm mutual insurance** company  
 24 that is organized under IC 27-5 (**before its repeal**) or **IC 27-5.1**.

25 (e) If the commissioner determines that the continued operation of  
 26 a domestic mutual company may be hazardous to the policyholders or  
 27 the general public, the commissioner may, upon the commissioner's  
 28 determination, issue an order requiring the insurer to increase the  
 29 insurer's capital and surplus based on the type, volume, and nature of  
 30 the business transacted."

31 Page 33, line 3, delete "affiliates" and insert "**subsidiary**  
 32 **companies**".

33 Page 33, line 8, before "institution" insert "**financial**".

34 Page 33, line 8, after "a depository" insert "**financial**".

35 Page 33, line 10, after "assets." insert "**As used in this subsection,**  
 36 **"depository financial institution" means a national bank, state**  
 37 **bank, or trust company that is a member of the Federal Reserve**  
 38 **System and through which an insurance company participates in**

- 1 **the Federal Reserve book-entry system."**
- 2 Page 52, line 42, delete "affiliates" and insert "**subsidiary**
- 3 **companies**".
- 4 Page 53, line 5, after "depository" insert "**financial**".
- 5 Page 53, line 6, after "depository" insert "**financial**".
- 6 Page 53, line 7, after "assets." insert "**As used in this subdivision,**
- 7 **"depository financial institution" means a national bank, state**
- 8 **bank, or trust company that is a member of the Federal Reserve**
- 9 **System and through which an insurance company participates in**
- 10 **the Federal Reserve book-entry system."**
- 11 Page 54, delete lines 22 through 36.
- 12 Page 55, delete lines 24 through 25.
- 13 Page 56, line 1, reset in roman "may deposit or arrange for the
- 14 safekeeping of".
- 15 Page 56, reset in roman lines 2 through 19.
- 16 Page 56, line 20, reset in roman "representing such securities."
- 17 Page 56, line 20, before "shall," insert "**A domestic insurance**
- 18 **company**".
- 19 Page 56, line 22, delete "Securities deposited under".
- 20 Page 56, delete lines 23 through 42.
- 21 Delete pages 57 through 59.
- 22 Page 60, delete lines 1 through 8.
- 23 Page 60, line 9, delete "(d)" and insert "(c)".
- 24 Page 60, line 18, reset in roman "(d)".
- 25 Page 60, line 18, delete "(e)".
- 26 Page 60, line 37, reset in roman "(e)".
- 27 Page 60, line 37, delete "(f)".
- 28 Page 60, line 38, after "governing" insert ":
- 29 **(1)**".
- 30 Page 60, line 40, delete "." and insert "; **and**
- 31 **(2) the maintenance of securities with a custodian."**
- 32 Page 60, between lines 40 and 41, begin a new paragraph and insert:
- 33 "SECTION 21. IC 27-1-20-26 IS AMENDED TO READ AS
- 34 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. The provisions of
- 35 this article shall not apply to any farmers' mutual hail insurance
- 36 company, farmers' mutual fire insurance company, or farmers' mutual
- 37 windstorm insurance company, or any similar company organized and
- 38 operating under IC 27-5 (**before its repeal**) or **IC 27-5.1**, nor to any

mutual fire insurance company confining its business to the town or city in which its home office is located, nor shall any provision of this article be construed as repealing any provision of the statutes applicable to the companies and associations referred to in this section."

Page 61, between lines 32 and 33, begin a new paragraph and insert:

"SECTION 23. IC 27-1-22-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) This chapter applies to all forms of casualty insurance including fidelity, surety, and guaranty bonds, to all forms of motor vehicle insurance, to all forms of fire, marine, and inland marine insurance, and to any and all combinations of the foregoing or parts thereof, on risks or operations in this state, except:

(1) reinsurance, other than joint reinsurance to the extent stated in section 14 of this chapter;

(2) accident and health insurance;

(3) insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies;

(4) insurance against loss or damage to aircraft or against liability arising out of the ownership, maintenance, or use of aircraft;

(5) worker's compensation insurance; and

(6) abstract and title insurance.

(b) Inland marine insurance includes insurance defined by statute, or by interpretation of statute, or if not so defined or interpreted, by ruling of the commissioner of insurance (referred to as the commissioner), or as established by general custom of the business, as inland marine insurance.

(c) This chapter shall not apply to farmers' mutual insurance companies organized and operating under IC 27-5 (**before its repeal**) **or IC 27-5.1** unless and only to the extent that ~~IC 27-5~~ **IC 27-5.1** specifically provides that such companies are subject to

~~(1)~~ this chapter.

~~(2) Acts 1947, c.60; or~~

~~(3) Acts 1947, c.111."~~

Page 68, delete lines 7 through 42.

Delete pages 69 through 70.

- 1 Page 71, delete lines 1 through 40.
- 2 Page 75, line 9, delete "licensure or that is licensed in a state other
- 3 than the" and insert "**or holds a license under section 12.2 of this**
- 4 **chapter.**".
- 5 Page 75, delete line 10.
- 6 Page 75, line 19, delete "an employer" and insert "**a group**".
- 7 Page 78, line 16, after "shall" insert "**maintain a surety bond**".
- 8 Page 78, line 17, delete "maintain a surety bond".
- 9 Page 78, line 21, delete "cover" and insert "**that covers**".
- 10 Page 83, line 20, delete "Other" and insert "**Any other**".
- 11 Page 84, line 28, delete "A nonresident" and insert "**An**".
- 12 Page 85, line 4, delete "enacted".
- 13 Page 85, line 4, after "law" insert "**or regulation**".
- 14 Page 89, line 19, delete "one (1) or more grounds" and insert
- 15 "**cause**".
- 16 Page 89, line 20, delete "exist" and insert "**exists**".
- 17 Page 89, line 23, after "(\$25,000)" insert "**per act or violation**".
- 18 Page 92, between lines 14 and 15, begin a new paragraph and insert:
- 19 "SECTION 51. IC 27-1-31-3 IS AMENDED TO READ AS
- 20 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) If an insurer
- 21 refuses to renew a policy of insurance written by the insurer, the insurer
- 22 shall provide written notice of nonrenewal to the insured:
- 23 (1) at least forty-five (45) days before the expiration date of the
- 24 policy, if the coverage provided is for one (1) year, or less; or
- 25 (2) at least forty-five (45) days before the anniversary date of the
- 26 policy, if the coverage provided is for more than one (1) year.
- 27 (b) **A notice of nonrenewal is not required if:**
- 28 (1) **the insured is transferred from an insurer to an affiliate of**
- 29 **the insurer for future coverage as a result of a merger,**
- 30 **acquisition, or company restructuring; and**
- 31 (2) **the transfer results in the same or broader coverage.**".
- 32 Page 103, between lines 10 and 11, begin a new paragraph and
- 33 insert:
- 34 "SECTION 63. IC 27-5.1 IS ADDED TO THE INDIANA CODE
- 35 AS A **NEW ARTICLE** TO READ AS FOLLOWS [EFFECTIVE JULY
- 36 1, 2002]:
- 37 **ARTICLE 5.1. INDIANA FARM MUTUAL INSURANCE**
- 38 **COMPANIES**

1       **Chapter 1. Definitions**

2       **Sec. 1. The definitions in this chapter apply throughout this**  
 3 **article.**

4       **Sec. 2. "Assessment" means an amount or a policyholder's share**  
 5 **of an amount that a farm mutual insurance company determines**  
 6 **is necessary for any of the following:**

7           **(1) To pay the farm mutual insurance company's accrued**  
 8 **liabilities.**

9           **(2) To meet or defray the farm mutual insurance company's**  
 10 **anticipated needs.**

11           **(3) To add to or restore the policyholder surplus of the farm**  
 12 **mutual insurance company.**

13       **Sec. 3. "Certificate of authority" has the meaning set forth in**  
 14 **IC 27-1-2-3(v).**

15       **Sec. 4. "Commissioner" means the insurance commissioner**  
 16 **appointed under IC 27-1-1-2.**

17       **Sec. 5. "Department" means the department of insurance**  
 18 **created by IC 27-1-1-1.**

19       **Sec. 6. "Extended company" means a farm mutual insurance**  
 20 **company that is authorized to provide coverage as described in**  
 21 **IC 27-5.1-4.**

22       **Sec. 7. "Farm mutual insurance company" means a company**  
 23 **(as defined in IC 27-1-2-3) that is authorized to provide insurance**  
 24 **coverage under this article.**

25       **Sec. 8. "First class city" refers to a first class city as classified**  
 26 **under IC 36-4-1-1.**

27       **Sec. 9. "Initial charge" means a charge that is collected by a**  
 28 **farm mutual insurance company before or at the time of the**  
 29 **issuance or renewal of an insurance policy under this article.**

30       **Sec. 10. "Person" means an individual or a business entity.**

31       **Sec. 11. "Policyholder" means a person who is insured by a**  
 32 **farm mutual insurance company.**

33       **Sec. 12. "Policyholder surplus" means a fund consisting of the**  
 34 **accumulated assets of a farm mutual insurance company that**  
 35 **exceed the farm mutual insurance company's accrued losses and**  
 36 **expenses.**

37       **Sec. 13. "Premium" means money given in consideration to a**  
 38 **farm mutual insurance company on account of or in connection**

1 with a contract of insurance for a specified policy period.

2 Sec. 14. "Premium plus assessment" refers to an insurance  
3 policy under which the policyholder is:

- 4 (1) obligated to pay a premium; and
- 5 (2) subject to potential assessment.

6 Sec. 15. "Principal office" means the primary office maintained  
7 by a farm mutual insurance company in Indiana.

8 Sec. 16. "Standard company" means a farm mutual insurance  
9 company that may provide insurance coverage under IC 27-5.1-3.  
10 The term does not include an extended company.

#### 11 Chapter 2. Farm Mutual Insurance Companies

12 Sec. 1. This chapter applies to a farm mutual insurance  
13 company regulated under this article.

14 Sec. 2. (a) A farm mutual insurance company that holds a  
15 certificate of authority to do business in Indiana on June 30, 2002,  
16 is a standard company under this article unless the company elects  
17 to become an extended company under IC 27-5.1-4 and is  
18 authorized by the commissioner to do business as an extended  
19 company.

20 (b) A standard farm mutual insurance company under  
21 subsection (a) may elect to become an extended farm mutual  
22 insurance company at any time by:

- 23 (1) complying with IC 27-5.1-4-2(b); and
- 24 (2) submitting to an exam that may be conducted at the  
25 discretion of the commissioner.

26 (c) An election made under this section is effective upon the date  
27 the commissioner issues the new certificate of authority.

28 Sec. 3. (a) If a proposed farm mutual insurance company does  
29 not hold a certificate of authority to do business in Indiana on June  
30 30, 2002, an application may be made to the commissioner for a  
31 certificate of authority for the proposed farm mutual insurance  
32 company to do business in Indiana as one (1) of the following:

- 33 (1) A standard company.
- 34 (2) An extended company.

35 (b) Three (3) copies of the application must be submitted to the  
36 commissioner. The application must contain the following  
37 concerning the proposed farm mutual insurance company:

- 38 (1) The name.



1           (2) The location and address of the principal office.

2           (3) The names and addresses of the officers and directors.

3           (4) A copy of the articles of incorporation.

4           (5) A copy of the bylaws.

5           (c) A standard company, not earlier than three (3) years after  
6 it is granted a certificate of authority to do business as a standard  
7 company, may elect to obtain a certificate of authority to do  
8 business as an extended company if the standard company:

9           (1) has an annual direct written premium of more than one  
10 million dollars (\$1,000,000); and

11          (2) complies with IC 27-5.1-4-2.

12          Sec. 4. A farm mutual insurance company that is established  
13 after June 30, 2002, must have at least:

14          (1) two hundred fifty (250) applications for insurance policies;  
15 and

16          (2) one hundred thousand dollars (\$100,000) in annual direct  
17 written premiums;

18 before issuing any insurance policy.

19          Sec. 5. (a) A farm mutual insurance company has all the powers,  
20 rights, privileges, duties, and obligations of a company organized  
21 under IC 27-1-6 except where IC 27-1-6 is contrary to this article.

22          (b) A farm mutual insurance company has the following:

23           (1) The power to borrow money.

24           (2) The ability to sue or be sued.

25           (3) The power to make contracts of insurance or indemnity  
26 with:

27           (A) a person;

28           (B) a firm;

29           (C) a public corporation;

30           (D) a private corporation;

31           (E) a board;

32           (F) an association;

33           (G) an estate; or

34           (H) a trustee or legal representative of an estate.

35           (4) The power to cede or obtain reinsurance from any  
36 company legally operating in Indiana or in any other state.

37           (5) The power to participate with a financially stable  
38 insurance company in:

- 1           (A) a reinsurance pool;
- 2           (B) a plan for reinsurance; or
- 3           (C) catastrophe protection.
- 4           (6) The power to determine the qualifications and the manner
- 5           in which to admit or withdraw policyholders.
- 6           (7) The power to use a common seal, which the farm mutual
- 7           insurance company may change or alter.
- 8           (8) The power to purchase, lease, hold, and dispose of:
- 9           (A) real property; and
- 10          (B) personal property;
- 11          for use in carrying out the purpose of the farm mutual
- 12          insurance company in the farm mutual insurance company's
- 13          name or in the name of a trustee chosen by the board of
- 14          directors.
- 15          (9) The power to classify risks according to the hazards
- 16          involved.
- 17          (10) The power to establish rates according to the
- 18          classification of risk.
- 19          (11) The power to determine rules and regulations on the
- 20          acceptability of risk and hazards insured.
- 21          (12) The power to determine the cost of insurance issued by
- 22          the farm mutual insurance company and the adjustment and
- 23          payment of losses.
- 24          (13) The power to determine the compensation of the
- 25          directors and officers of the farm mutual insurance company.
- 26          (14) The power to require that the directors and officers of
- 27          the farm mutual insurance company be bonded in the
- 28          performance of the duties of the directors and officers.
- 29          (15) The power to adopt or amend bylaws and articles of
- 30          incorporation of the farm mutual insurance company.
- 31          (16) The power to adopt or amend policy forms and
- 32          application forms used by the farm mutual insurance
- 33          company.
- 34          (17) All other powers necessary to effect the purposes of the
- 35          farm mutual insurance company.
- 36          Sec. 6. A farm mutual insurance company with an annual direct
- 37          written premium of more than ten million dollars (\$10,000,000)
- 38          may not function as a farm mutual insurance company and shall

1 be regulated as a multiple line insurance company described in  
2 IC 27-1-6-16.

3 Sec. 7. Except as provided in section 8 of this chapter, a farm  
4 mutual insurance company that operates under this article is  
5 exempt from any other Indiana insurance law unless the law  
6 expressly declares that the law is applicable to farm mutual  
7 insurance companies.

8 Sec. 8. The following provisions apply to standard companies  
9 and extended companies:

- 10 (1) IC 27-1-3.
- 11 (2) IC 27-1-5-3.
- 12 (3) IC 27-1-6-15.
- 13 (4) IC 27-1-7-14 through IC 27-1-7-16.
- 14 (5) IC 27-1-7-21 through IC 27-1-7-23.
- 15 (6) IC 27-1-9.
- 16 (7) IC 27-1-13-3 through IC 27-1-13-4.
- 17 (8) IC 27-1-13-6 through IC 27-1-13-9.
- 18 (9) IC 27-1-20-1.
- 19 (10) IC 27-1-20-4.
- 20 (11) IC 27-1-20-6.
- 21 (12) IC 27-1-20-9 through IC 27-1-20-11.
- 22 (13) IC 27-1-20-14.
- 23 (14) IC 27-1-20-19 through IC 27-1-20-21.
- 24 (15) IC 27-1-20-23 through IC 27-1-20-24.
- 25 (16) IC 27-1-20-30.
- 26 (17) IC 27-1-22.
- 27 (18) IC 27-4-1.
- 28 (19) IC 27-6-1.1-2.
- 29 (20) IC 27-7-2.
- 30 (21) IC 27-9.

31 Sec. 9. (a) A farm mutual insurance company shall hold an  
32 annual meeting of the policyholders of the farm mutual insurance  
33 company on the date, time, and location set forth in the articles of  
34 incorporation of the farm mutual insurance company. If the  
35 articles of incorporation do not specify the date, time, and location  
36 of the annual meeting, the meeting shall be held on the first  
37 Monday in April at the registered principal office of the farm  
38 mutual insurance company.

1       (b) A quorum for purposes of an annual policyholder meeting  
2 must be defined in a farm mutual insurance company's articles of  
3 incorporation.

4       (c) Each policyholder of a farm mutual insurance company is  
5 entitled to one (1) vote on any issue voted upon at a policyholder  
6 meeting.

7       Sec. 10. (a) A farm mutual insurance company shall elect a  
8 board of directors consisting of at least five (5) policyholders.

9       (b) To be elected to the board of directors of a farm mutual  
10 insurance company, an individual must be the owner of a policy  
11 issued by the farm mutual insurance company.

12       Sec. 11. (a) Unless a farm mutual insurance company's articles  
13 of incorporation specify otherwise, a director of a farm mutual  
14 insurance company must be elected at the company's annual  
15 policyholder meeting by the affirmative vote of a majority of:

16           (1) the policyholders present and voting; and

17           (2) the policyholders voting by proxy, if voting by proxy is  
18 allowed by the company's articles of incorporation.

19       (b) The term of office of a director must be at least one (1) year  
20 but not more than five (5) years. A farm mutual insurance  
21 company's articles of incorporation may provide for the  
22 classification of directors into three (3) groups, and the terms of the  
23 directors may be staggered. A vacancy on the board of directors  
24 may be filled for the unexpired term through an appointment made  
25 by the remaining directors.

26       (c) The board of directors of a farm mutual insurance company  
27 shall, by vote of a majority of the directors, elect the officers  
28 designated in the farm mutual insurance company's bylaws. The  
29 directors may also elect any additional officers that the directors  
30 determine are necessary. An officer elected under this subsection  
31 is not required to be a director.

32       (d) The term of an officer elected under subsection (c) may not  
33 be less than one (1) year or more than three (3) years. An outgoing  
34 officer shall hold office until the officer's successor is either elected  
35 or selected and qualified.

36       (e) The board of directors of a farm mutual insurance company  
37 shall hold a separate meeting of the board of directors immediately  
38 after the farm mutual insurance company's annual meeting.

1       **Sec. 12. (a) Unless a farm mutual insurance company's articles**  
 2 **of incorporation specify otherwise, the articles of incorporation of**  
 3 **a farm mutual insurance company may be amended by an**  
 4 **affirmative vote of two-thirds (2/3) of its policyholders who are**  
 5 **voting in person or by proxy at any policyholder meeting if the**  
 6 **policyholders are given at least thirty (30) days notice of:**

7           **(1) the meeting; and**

8           **(2) the subject material of the proposed amendments.**

9       **(b) After a farm mutual insurance company has adopted an**  
 10 **amendment to its articles of incorporation, three (3) copies of the**  
 11 **amendment must be filed with the commissioner.**

12       **(c) The commissioner shall determine whether to approve the**  
 13 **amendment and, if the amendment is approved, shall return a copy**  
 14 **of the filed amendment and a certificate of approval to the farm**  
 15 **mutual insurance company.**

16       **Sec. 13. (a) Bylaws of a farm mutual insurance company may be**  
 17 **amended by the company in accordance with the company's**  
 18 **articles of incorporation. All amendments to the bylaws must be**  
 19 **filed with the commissioner.**

20       **(b) Bylaws may not be inconsistent with this article, any other**  
 21 **applicable laws, or the company's articles of incorporation.**

22       **Sec. 14. The commissioner may charge a farm mutual insurance**  
 23 **company a reasonable fee, as provided in IC 27-1-3-15, for a filing**  
 24 **under this article.**

25       **Sec. 15. The commissioner may:**

26           **(1) issue a certificate of authority to a company to do business**  
 27 **as:**

28           **(A) a standard company; or**

29           **(B) an extended company; and**

30           **(2) require a farm mutual insurance company to take**  
 31 **appropriate remedial action as provided in IC 27-9 if the**  
 32 **commissioner considers the action necessary to protect a**  
 33 **policyholder.**

34       **Sec. 16. (a) A farm mutual insurance company may not deliver**  
 35 **or issue for delivery a policy or an endorsement or rider to a policy**  
 36 **until a copy of the form and the rates charged for the policy are**  
 37 **filed with and approved by the commissioner.**

38       **(b) A farm mutual insurance company may use any form or rate**

1 filed with the commissioner unless the commissioner notifies the  
 2 company in writing that the form is disapproved within thirty (30)  
 3 days after the commissioner's receipt of the rate or form. The  
 4 commissioner may disapprove a rate or form for the following  
 5 reasons:

6 (1) An inconsistency with this article or any other applicable  
 7 state law.

8 (2) A provision that is:

9 (A) deceptive;

10 (B) ambiguous; or

11 (C) misleading.

12 (c) If the commissioner disapproves a rate or form under this  
 13 section, the commissioner must notify the farm mutual insurance  
 14 company of the reason why the rate or form was disapproved. The  
 15 farm mutual insurance company may request a hearing before the  
 16 commissioner under IC 4-21.5 concerning the disapproval.

17 (d) A farm mutual insurance company may seek judicial review  
 18 of the commissioner's disapproval of a rate or form under this  
 19 section under IC 4-21.5-5.

20 (e) The commissioner may charge a farm mutual insurance  
 21 company a reasonable fee as provided in IC 27-1-3-15 for the filing  
 22 of a rate or form.

23 Sec. 17. (a) The commissioner or the commissioner's appointed  
 24 agent under IC 27-1-3.1 may examine the affairs of a farm mutual  
 25 insurance company.

26 (b) In an examination under this section, the commissioner may  
 27 inquire into the manner in which a farm mutual insurance  
 28 company conducts and manages the affairs of the farm mutual  
 29 insurance company.

30 (c) The commissioner may:

31 (1) require and compel the production of documents, records,  
 32 books, papers, contracts, or any other evidence; and

33 (2) compel the attendance of, and examine under oath, any  
 34 director, officer, agent, employee, solicitor, or attorney of the  
 35 farm mutual insurance company or any other person;

36 about any business affairs, the financial condition of the business,  
 37 the management of the business, actions taken by the directors,  
 38 officers, or employees, or any other related matter.

1       (d) The commissioner may revoke the farm mutual insurance  
2 company's certificate of authority if the farm mutual insurance  
3 company refuses to allow the commissioner to examine the farm  
4 mutual insurance company.

5       (e) The commissioner may examine the following:

6           (1) A farm mutual insurance company's articles of  
7 incorporation and any amendments to the articles of  
8 incorporation.

9           (2) A farm mutual insurance company's bylaws and any  
10 amendments to the bylaws.

11          (3) A farm mutual insurance company's forms.

12          (4) Any documents or reports that a farm mutual insurance  
13 company is required to file annually with the commissioner.

14          (5) A farm mutual insurance company's petitions for merger.

15          (6) A farm mutual insurance company's petitions for transfer.

16       (f) The commissioner shall examine the records, books, and  
17 affairs of the farm mutual insurance company and issue a report  
18 of the commissioner's findings to the farm mutual insurance  
19 company if:

20           (1) the commissioner determines, as the result of an  
21 examination under this section or on the basis of any other  
22 knowledge or information in the commissioner's possession,  
23 that a farm mutual insurance company has conducted or is  
24 conducting the farm mutual insurance company's business in  
25 a manner that is:

26               (A) contrary to laws applying to farm mutual insurance  
27 companies; or

28               (B) detrimental to policyholder interests; or

29           (2) the farm mutual insurance company requests an  
30 examination through a resolution adopted by the farm mutual  
31 insurance company's policyholders at any meeting.

32       (g) The commissioner may charge a farm mutual insurance  
33 company that is examined under this section for the costs of  
34 conducting the examination.

35       (h) The commissioner may take any action that may protect a  
36 policyholder's interest if the commissioner determines that a farm  
37 mutual insurance company is conducting business in a manner that  
38 is:

1 (1) contrary to laws applying to farm mutual insurance  
2 companies; or

3 (2) detrimental to policyholder interests.

4 **Sec. 18. (a) If the commissioner determines from:**

5 (1) any statement filed by a farm mutual insurance company;

6 (2) an examination under section 17 of this chapter; or

7 (3) any other information obtained by the commissioner;

8 that a farm mutual insurance company is conducting its business  
9 in an unsafe manner or that the farm mutual insurance company's  
10 assets are insufficient to justify continuing the business, the  
11 commissioner shall send written notice of the commissioner's  
12 concerns regarding the farm mutual insurance company to the  
13 officers and directors of the farm mutual insurance company.

14 (b) Not more than thirty (30) days after receiving a notice under  
15 subsection (a), the farm mutual insurance company's officers and  
16 directors shall:

17 (1) remedy; or

18 (2) establish a plan to remedy;

19 the commissioner's concerns.

20 (c) If the farm mutual insurance company does not remedy or  
21 establish a plan to remedy the commissioner's concerns under  
22 subsection (b) or if the commissioner determines that the  
23 continuation of the farm mutual insurance company is not in the  
24 best interests of the policyholders, the commissioner shall institute  
25 proceedings in the circuit court of the county in which the farm  
26 mutual insurance company has its principal office to enjoin the  
27 farm mutual insurance company from conducting any further  
28 business transactions.

29 (d) If the commissioner seeks a permanent injunction against  
30 the farm mutual insurance company under subsection (c), the  
31 commissioner shall also institute proceedings to settle and wind up  
32 the affairs of the farm mutual insurance company and liquidate  
33 and dissolve the farm mutual insurance company, as provided in  
34 IC 27-9.

35 **Sec. 19. (a) If a judgment is obtained in an Indiana court against**  
36 **a farm mutual insurance company and:**

37 (1) the judgment is:

38 (A) not appealed; or



1           **(B) appealed, but an appeal bond is not posted; and**  
 2           **(2) the judgment remains unsatisfied for more than sixty (60)**  
 3           **days;**

4           **the party that obtained the judgment may file for injunctive relief**  
 5           **in the court in which the judgment was rendered.**

6           **(b) In a proceeding initiated under subsection (a) by the party**  
 7           **that obtained a judgment against a farm mutual insurance**  
 8           **company, the court may issue an injunction against the farm**  
 9           **mutual insurance company to enjoin the farm mutual insurance**  
 10           **company from doing new business in Indiana until the judgment**  
 11           **is fully satisfied.**

12           **Sec. 20. (a) A person, including a person described in subsection**  
 13           **(b), that has a risk that is insurable under this article in a territory**  
 14           **in which a farm mutual insurance company operates may apply for**  
 15           **insurance coverage with the farm mutual insurance company. If**  
 16           **the farm mutual insurance company accepts the person as a**  
 17           **policyholder, the person becomes a policyholder of that company**  
 18           **and is entitled to all the rights and privileges of a policyholder.**

19           **(b) Any of the following that own property within the territory**  
 20           **of a farm mutual insurance company may apply for insurance,**  
 21           **enter into an agreement for a policy, and hold a policy issued by a**  
 22           **farm mutual insurance company:**

- 23           **(1) A public corporation.**
- 24           **(2) A private corporation.**
- 25           **(3) A quasi-corporation.**
- 26           **(4) An estate.**
- 27           **(5) An association.**

28           **(c) Any:**

- 29           **(1) officer;**
- 30           **(2) trustee;**
- 31           **(3) board member; or**
- 32           **(4) legal representative;**

33           **of an entity described in subsection (b) may be recognized as acting**  
 34           **for or on behalf of the entity for the purpose of membership.**

35           **Sec. 21. A person that solicits or negotiates insurance on behalf**  
 36           **of a farm mutual insurance company under this article must be**  
 37           **licensed as an insurance producer under IC 27-1-15.6.**

38           **Sec. 22. (a) Two (2) or more farm mutual insurance companies**

1 may merge into one (1) farm mutual insurance company upon  
 2 approval of a merger plan by the policyholders of each farm  
 3 mutual insurance company as provided in subsection (b).

4 (b) Before a merger described in subsection (a) may take place,  
 5 the board of directors of each farm mutual insurance company  
 6 must approve a merger plan, and the merger plan must be  
 7 approved by the affirmative vote of two-thirds (2/3) of the  
 8 policyholders of each farm mutual insurance company who vote in  
 9 person or by proxy.

10 (c) Before a meeting at which a proposed merger under this  
 11 section may be considered:

12 (1) the policyholders of a farm mutual insurance company for  
 13 which the merger is proposed must be given, by first class  
 14 mail:

15 (A) written notice of the date, time, and location of the  
 16 meeting;

17 (B) written notice that a proposed merger will be discussed  
 18 and voted on at the meeting; and

19 (C) a copy or summary of the merger plan; and

20 (2) a general notice stating:

21 (A) the date, time, and location of the meeting; and

22 (B) that a proposed merger or transfer will be discussed  
 23 and voted on at the meeting;

24 must be published in a newspaper of general circulation in the  
 25 county in which the principal office of the farm mutual  
 26 insurance company is located.

27 **Sec. 23. (a)** Each farm mutual insurance company that decides  
 28 to merge under section 22 of this chapter must file the following  
 29 documents with the commissioner:

30 (1) A petition for merger.

31 (2) The farm mutual insurance company's merger plan.

32 (3) Articles of merger.

33 (4) A copy of the minutes of any meeting at which the merger  
 34 plan was approved.

35 (5) Proof that the policyholders were given proper notice of  
 36 the meeting at which the merger was considered as required  
 37 under section 22 of this chapter.

38 (b) The commissioner shall:

- 1 (1) review a filing submitted under subsection (a); and
- 2 (2) schedule a hearing under IC 4-21.5 if the commissioner
- 3 considers a hearing necessary.

4 The commissioner may waive a hearing under this subsection if the  
 5 commissioner determines that a proposed merger does not  
 6 prejudice the interests of policyholders of the farm mutual  
 7 insurance company.

8 (c) If the commissioner determines under subsection (b) that a  
 9 hearing is necessary, the commissioner shall issue a notice of  
 10 hearing to the farm mutual insurance company that filed the  
 11 petition for merger. The commissioner may require the farm  
 12 mutual insurance company to provide the farm mutual insurance  
 13 company's policyholders with written notice of the hearing,  
 14 including the date, time, and place of the hearing.

15 (d) If the commissioner requires a farm mutual insurance  
 16 company to provide its policyholders with notice of a hearing  
 17 under subsection (c), the notice must meet the following  
 18 requirements:

19 (1) Be published in at least two (2) daily newspapers that the  
 20 commissioner may designate.

21 (2) Be published in the newspapers designated under  
 22 subdivision (1):

23 (A) not less than one (1) time per week;

24 (B) for two (2) successive weeks; and

25 (C) on the same day of the week.

26 (3) The last publication of notice must appear not more than  
 27 five (5) calendar days before the date of the hearing.

28 (e) The commissioner may require a farm mutual insurance  
 29 company to provide more notice than is required by subsection (d)  
 30 if the commissioner determines that more notice is required under  
 31 the circumstances concerning the farm mutual insurance company.

32 (f) In a hearing conducted under this section, the commissioner  
 33 may examine a farm mutual insurance company's business affairs  
 34 by:

35 (1) requiring and compelling the production of documents,  
 36 records, books, papers, contracts, or any other evidence; and

37 (2) compelling the attendance of, and examining under oath,  
 38 a director, an officer, an agent, an employee, a solicitor, or an

1           attorney of the farm mutual insurance company, or any other  
2           person.

3           (g) A person who has an interest in a hearing conducted under  
4           this section may appear and testify at the hearing.

5           (h) The commissioner shall approve and authorize a proposed  
6           merger if the commissioner determines the following:

7                 (1) That the interests of policyholders of the merging farm  
8                 mutual insurance companies are properly protected.

9                 (2) That no reasonable objections to the proposed merger  
10                exist.

11           (i) The commissioner may order a modification of the merger  
12           plan or articles of merger for a proposed merger if the  
13           commissioner determines that the modification is in the best  
14           interests of policyholders.

15           (j) A farm mutual insurance company that files a petition for  
16           merger shall pay the costs of a hearing under this section.

17           Sec. 24. (a) The commissioner shall establish the time frame in  
18           which a farm mutual insurance company must perform the terms  
19           of a merger plan approved under section 23 of this chapter.

20           (b) After a farm mutual insurance company that is a party to a  
21           merger under sections 22 and 23 of this chapter performs the terms  
22           of the merger plan, the surviving farm mutual insurance company  
23           shall notify the commissioner in writing of the surviving farm  
24           mutual insurance company's compliance with the merger plan.

25           (c) The commissioner shall determine whether the terms of a  
26           merger plan are performed adequately by a farm mutual insurance  
27           company that is a party to a merger under sections 22 and 23 of  
28           this chapter. If the commissioner determines that the terms of the  
29           merger plan are met, the commissioner shall issue the following to  
30           the surviving farm mutual insurance company:

31                 (1) A certificate of merger.

32                 (2) A certified copy of the certificate of merger.

33                 (3) A certified copy of the articles of merger.

34           (d) If the commissioner determines that the terms of the merger  
35           plan are not met, the commissioner shall hold a hearing under  
36           IC 4-21.5.

37           (e) The commissioner may charge a farm mutual insurance  
38           company the fee set forth in IC 27-1-3-15 for a filing made under

1 this section.

2       **Sec. 25.** Upon the commissioner's issuance of a certificate of  
 3 merger under section 24 of this chapter, the farm mutual insurance  
 4 companies that are parties to the merger plan become a single  
 5 surviving farm mutual insurance company. The separate existence  
 6 of each farm mutual insurance company that is a party to the  
 7 merger plan ceases upon the issuance of the certificate of merger.

8       **Sec. 26. (a)** A surviving farm mutual insurance company  
 9 described in section 25 of this chapter:

10           (1) has all the:

11                   (A) rights;

12                   (B) title;

13                   (C) interests;

14                   (D) privileges;

15                   (E) immunities; and

16                   (F) powers; and

17           (2) is subject to all of the duties and liabilities;

18 of a farm mutual insurance company organized under this article.

19       (b) The:

20           (1) real property;

21           (2) personal property;

22           (3) mixed property;

23           (4) debts; and

24           (5) every other interest;

25 that belongs to a farm mutual insurance company that is a party  
 26 to a merger under this chapter is transferred to and vested in the  
 27 surviving farm mutual insurance company. Rights of creditors or  
 28 liens upon property of a merging farm mutual insurance company  
 29 are not affected by the merger.

30       **Sec. 27.** A merger under sections 22 through 26 of this chapter  
 31 is effective upon the commissioner's issuance of a certificate of  
 32 merger, and the articles of incorporation of the surviving farm  
 33 mutual insurance company are considered to be amended to the  
 34 extent necessary to make the articles of incorporation conform  
 35 with the articles of merger filed under section 23 of this chapter.

36       **Sec. 28. (a)** A person, an organization, or a corporation that  
 37 intends to enter into a contract for the exclusive or dominant right  
 38 to manage or control a farm mutual insurance company shall file

1 notice of the contract with the commissioner at least thirty (30)  
2 days before entering into the contract.

3 (b) The commissioner may approve a contract or proposed  
4 contract described in subsection (a) only if the contract is not  
5 detrimental to:

6 (1) the policyholders of the farm mutual insurance company;

7 or

8 (2) the public.

9 (c) If the commissioner disapproves a contract or proposed  
10 contract described in subsection (a), the commissioner shall  
11 provide written notice of the disapproval to the parties to the  
12 contract. A person, organization, or corporation that entered into  
13 a contract described in subsection (a) may not manage or control  
14 the farm mutual insurance company under the contract after  
15 receiving notice of the commissioner's disapproval of the contract.

16 (d) A person, an organization, or a corporation that enters into  
17 a contract for the exclusive or dominant right to manage or control  
18 a farm mutual insurance company is the managing general agent  
19 (as defined in IC 27-1-33-4) of the farm mutual insurance company  
20 and shall comply with any requirement of a managing general  
21 agent under IC 27.

22 Sec. 29. (a) If the commissioner determines, after notice and a  
23 hearing under IC 4-21.5, that a farm mutual insurance company  
24 has violated any provision of this article or any rule or order issued  
25 under this article, the commissioner may issue an order requiring  
26 the farm mutual insurance company to cease and desist from the  
27 unlawful practice or to take any affirmative action that the  
28 commissioner considers necessary to carry out the purposes of this  
29 article.

30 (b) Before the commissioner may issue a cease and desist order  
31 under subsection (a):

32 (1) a copy of the proposed order; and

33 (2) an order to the farm mutual insurance company to show  
34 cause as to why the cease and desist order should not be  
35 issued;

36 must be served on the farm mutual insurance company by certified  
37 mail or by personal service to the farm mutual insurance  
38 company's principal office. An order to show cause must state that

1 the farm mutual insurance company is entitled to request, in  
 2 writing, a hearing before the commissioner not more than fifteen  
 3 (15) days after the date of service of the order to show cause. If the  
 4 farm mutual insurance company does not request a hearing less  
 5 than sixteen (16) days after service of the order to show cause, the  
 6 commissioner shall issue the cease and desist order.

7 (c) Upon receiving a request for a hearing under subsection (b),  
 8 the commissioner shall set a date, time, and place for the hearing.  
 9 The date must be at least ten (10) days but not more than fifteen  
 10 (15) days after the commissioner's receipt of the request for the  
 11 hearing, unless the parties agree upon another date.

12 (d) The commissioner shall give notice of the date, time, and  
 13 place of the hearing to the farm mutual insurance company at least  
 14 five (5) days before the hearing. The notice shall inform the farm  
 15 mutual insurance company of the nature and source of any adverse  
 16 evidence procured by the commissioner.

17 **Sec. 30.** A farm mutual insurance company may be represented  
 18 by counsel at a hearing held under section 29 of this chapter. The  
 19 farm mutual insurance company shall be given the opportunity at  
 20 the hearing to submit written and oral evidence that supports the  
 21 farm mutual insurance company's belief that the order to cease  
 22 and desist should not be issued.

23 **Sec. 31.** Not more than ten (10) days after the date that a  
 24 hearing under section 29 of this chapter concludes, the  
 25 commissioner shall issue a ruling on the subject of the hearing and  
 26 notify the farm mutual insurance company of the ruling. The  
 27 commissioner may do the following:

28 (1) Issue the proposed cease and desist order.

29 (2) Issue a modified cease and desist order.

30 (3) Determine not to issue a cease and desist order.

31 **Sec. 32. (a)** The decision, determination, or order of the  
 32 commissioner under section 31 of this chapter is subject to judicial  
 33 review under IC 4-21.5-5.

34 (b) If a farm mutual insurance company does not seek judicial  
 35 review of the commissioner's determination to issue a cease and  
 36 desist order under section 31 of this chapter within thirty (30) days  
 37 after the commissioner notifies the farm mutual insurance  
 38 company of the commissioner's determination, the cease and desist

1 order is final.

2 (c) If the farm mutual insurance company seeks judicial review  
3 of the commissioner's determination under section 31 of this  
4 chapter and the commissioner's determination is upheld, the cease  
5 and desist order is final.

6 Sec. 33. If a farm mutual insurance company willfully violates  
7 any provision of a cease and desist order, the commissioner may do  
8 the following:

9 (1) Impose a civil penalty on the farm mutual insurance  
10 company of not more than ten thousand dollars (\$10,000).

11 (2) Suspend or revoke the farm mutual insurance company's  
12 certificate of authority.

13 (3) Institute proceedings to enjoin the farm mutual insurance  
14 company from conducting further business.

15 (4) Institute proceedings to wind up the affairs of the farm  
16 mutual insurance company.

17 Sec. 34. (a) A farm mutual insurance company may not waive:

18 (1) a term of an insurance policy; or

19 (2) a right or defense of the farm mutual insurance company;  
20 unless the farm mutual insurance company states in a letter or  
21 other written or printed document to the policyholder that the  
22 farm mutual insurance company intends to specifically waive the  
23 provision, condition, right, or defense.

24 (b) The letter or other written or printed document required  
25 under subsection (a) must include the signature of an officer or  
26 other representative of the farm mutual insurance company who  
27 is authorized to execute the particular type of waiver.

28 (c) A letter or other written or printed document under this  
29 section is the only admissible evidence of a waiver by the farm  
30 mutual insurance company.

31 Sec. 35. (a) A policyholder of a farm mutual insurance company  
32 operating on a premium plus assessment basis under this article is  
33 liable for the policyholder's share of the amount necessary to:

34 (1) pay the losses and necessary expenses incurred by the  
35 farm mutual insurance company; and

36 (2) maintain an adequate reserve or safety fund as determined  
37 by the farm mutual insurance company's directors;  
38 while the policyholder's insurance policy is in effect.



(b) Notwithstanding subsection (a), a farm mutual insurance company must limit a policyholder's contingent liability during any one (1) year to an amount of three percent (3%) or less of the insurance carried by the policyholder. The farm mutual insurance company must set forth this limitation in the farm mutual insurance company's bylaws.

Sec. 36. (a) A farm mutual insurance company must collect an assessment from a policyholder in the manner prescribed by the farm mutual insurance company's bylaws.

(b) After a farm mutual insurance company that operates on an assessment basis receives:

(1) notice of any loss or damage to a policyholder's property;  
or

(2) a judgment against the farm mutual insurance company;  
the directors of the farm mutual insurance company shall verify the loss, damage, or judgment and shall assess each policyholder an amount in proportion to the amount of risk the policyholder has with the farm mutual insurance company.

Sec. 37. (a) If a policyholder upon whom an assessment has been imposed fails to pay the assessment, the farm mutual insurance company may:

(1) suspend the farm mutual insurance company's liability for loss under the policyholder's policy for the time in which the assessment is not paid; or

(2) cancel the policyholder's policy if the assessment is not paid within thirty (30) days after notice of the assessment is sent to the policyholder.

The farm mutual insurance company may deduct the assessment from the policyholder's deposit before returning the remainder of the deposit, if any, to the policyholder.

(b) If an assessment is paid by the policyholder after the farm mutual insurance company takes an action under subsection (a), the farm mutual insurance company may reinstate the policy from the date on which the payment is received, but a deduction or credit may not be made in any assessment because of the suspension of the policy.

(c) A farm mutual insurance company may file judicial proceedings to compel a policyholder to pay an imposed

1 assessment.

2       **Sec. 38. (a) A policyholder is not liable for any assessment of**  
 3 **losses or expenses that are incurred by a farm mutual insurance**  
 4 **company after the policyholder has terminated the policyholder's**  
 5 **policy.**

6       **(b) A policyholder is not liable for any assessment for**  
 7 **obligations incurred by a farm mutual insurance company before**  
 8 **the policyholder terminated the policy on which the assessment is**  
 9 **made unless the farm mutual insurance company gives the**  
 10 **policyholder notice of the assessment not more than one (1) year**  
 11 **after the date of termination of the policy.**

12       **Sec. 39. (a) A premium plus assessment policy must expressly**  
 13 **and prominently state on the face page of the policy that the policy**  
 14 **is a premium plus assessment policy.**

15       **(b) A suit or action for a loss under a premium plus assessment**  
 16 **policy may not be commenced until:**

17               **(1) the loss is due in accordance with the policy; or**  
 18               **(2) not less than sixty (60) days after proof of loss was given to**  
 19               **the farm mutual insurance company that issued the premium**  
 20               **plus assessment policy.**

21       **(c) The requirements that a policyholder must meet in order to**  
 22 **sustain a legal cause of action under this section must be disclosed**  
 23 **clearly and prominently in the premium plus assessment policy.**

24       **(d) Notwithstanding IC 34-11-2-11, the statute of limitations for**  
 25 **a claim on a premium plus assessment policy under this section is**  
 26 **twelve (12) months after the date of the loss.**

27       **(e) The statute of limitations for a claim on a nonassessment**  
 28 **policy is subject to the statutes of limitations applicable to a similar**  
 29 **cause of action under Indiana law.**

30       **Sec. 40. (a) A farm mutual insurance company that operates on**  
 31 **a premium plus assessment basis must pay all losses and judgments**  
 32 **of the farm mutual insurance company from premiums received or**  
 33 **amounts collected on promissory notes. The amount:**

34               **(1) deducted from a policyholder's premium paid; or**  
 35               **(2) demanded from a policyholder's promissory note;**  
 36 **must bear the same relationship to the total loss as the**  
 37 **policyholder's total premium bears to the total premiums collected**  
 38 **in the calendar year that the loss is incurred.**

(b) If the funds collected under subsection (a) are insufficient to cover the loss or judgment, the directors of the farm mutual insurance company may assess each policyholder in the same manner. However, a farm mutual insurance company may not assess its policyholders more than one (1) time in a calendar year for losses incurred by the farm mutual insurance company.

(c) The directors of a farm mutual insurance company described in this section may borrow enough funds to pay losses until the directors may assess the farm mutual insurance company's policyholders.

(d) A farm mutual insurance company described in this section may cancel a policyholder's policy under this section if the policyholder fails to pay any assessment within thirty (30) days after notification by the farm mutual insurance company of the assessment.

**Sec. 41. (a)** A farm mutual insurance company may borrow money for the payment of accrued losses and expenses.

(b) A farm mutual insurance company that has borrowed money under subsection (a) must assess its policyholders the full amount necessary to repay the loan in full in the next assessment after borrowing the money. Unless the commissioner authorizes an exemption, the assessment must be levied within twelve (12) months after incurring the losses or expenses paid by the farm mutual insurance company through the loan.

**Sec. 42.** A farm mutual insurance company may cancel, in whole or in part, a policyholder's policy after giving the policyholder five (5) days written notice of the cancellation as specified by the policy.

**Sec. 43. (a)** A farm mutual insurance company may vote to discontinue its operations and settle its affairs under IC 27-1-10.

(b) Before a dissolution under subsection (a) may take place, the dissolution must be approved by the affirmative vote of seventy-five percent (75%) of the policyholders of the farm mutual insurance company voting in person or by proxy.

(c) Before a meeting at which a dissolution under this chapter is considered, the policyholders of a farm mutual insurance company must be given written notice, by first class mail, of the following:

(1) The date, time, and location of the meeting.

1           (2) That a proposed dissolution of the company will be  
2           discussed and voted on at the meeting.

3           (d) If the policyholders vote in the affirmative by the margin  
4           required by subsection (b) to dissolve the farm mutual insurance  
5           company, the company must designate a committee of three (3)  
6           members to do the following, within a designated period, on behalf  
7           of the company:

8                 (1) Liquidate the company's assets.

9                 (2) Pay off the company's debts and expenses.

10                (3) Divide any surplus of the company among:

11                   (A) persons who are policyholders of the company at the  
12                   time of dissolution; and

13                   (B) any person who held a policy issued by the company  
14                   within the three (3) business years preceding the vote to  
15                   dissolve the company.

16           (e) The company may extend the time that the committee  
17           designated under subsection (d) has to fulfill its duties.

18           (f) Upon completion of its duties, the committee designated  
19           under subsection (d) shall file a report of its proceedings and  
20           actions with the commissioner. Each member of the committee  
21           shall sign the report.

22           (g) If the commissioner approves the report filed under  
23           subsection (f), the commissioner shall issue a certificate of approval  
24           to the committee, and the farm mutual insurance company is  
25           considered dissolved and ceases to exist. The commissioner shall  
26           certify the liquidation and dissolution of the company to the  
27           secretary of state.

28           Sec. 44. (a) A director, an officer, a member, an agent, or an  
29           employee of a farm mutual insurance company shall not knowingly  
30           or intentionally, directly or indirectly, use, employ, or permit  
31           others to use or employ any money, funds, securities, or assets of  
32           the farm mutual insurance company for private profit or gain.

33           (b) A person who violates this section commits a Class C felony.

34           Sec. 45. This article does not prohibit a farm mutual insurance  
35           company from doing any of the following:

36                 (1) Distributing underwriting or investment gain to  
37                 policyholders of a farm mutual insurance company.

38                 (2) Accumulating a reasonable policyholder surplus for the

1           payment of losses or other expenses.

2           **Sec. 46.** The commissioner may adopt rules under IC 4-22-2 to  
3           implement this article.

4           **Chapter 3. Standard Farm Mutual Insurance Companies**

5           **Sec. 1.** (a) This chapter supplements the requirements set forth  
6           for a standard company in IC 27-5.1-2.

7           (b) This chapter does not permit a standard company to insure  
8           a policyholder of the farm mutual insurance company:

9               (1) against loss to a motor vehicle owned by the member from  
10              any peril;

11             (2) against liability resulting from the use of a motor vehicle  
12              owned by the member; or

13             (3) for property loss in connection with a specific loan or  
14              other credit transaction.

15           **Sec. 2.** A standard company that is issued a certificate of  
16           authority under IC 27-5.1-2-15 may:

17               (1) perform the business of insurance on:

18                   (A) an assessable;

19                   (B) a mutual; and

20                   (C) a nonprofit;

21              basis;

22               (2) insure the property of policyholders of the standard  
23              company against loss or damage that is caused by:

24                   (A) fire;

25                   (B) windstorm;

26                   (C) causes specified under an extended coverage provision;  
27              and

28                   (D) other perils that are not specifically excluded in the  
29              policy form; and

30               (3) insure the property of policyholders of the standard  
31              company against:

32                   (A) loss of use;

33                   (B) loss of occupancy;

34                   (C) loss of rents; and

35                   (D) additional expenses;

36              that result from direct loss or damage to covered property.

37           **Sec. 3.** A standard company may engage in the business of  
38           insurance in any location in Indiana other than a first class city.

1       **However, a standard company may continue to insure property in**  
2       **a first class city in Indiana if the policy under which the property**  
3       **is insured was originally issued before July 1, 2002, or if the policy**  
4       **was originally issued before the city became a first class city.**

5       **Sec. 4. (a) A standard company may not insure property located**  
6       **outside the standard company's territory, as described in the**  
7       **standard company's articles of incorporation, unless the standard**  
8       **company meets the following requirements for expansion:**

9           **(1) A standard company with annual direct written premiums**  
10          **that total not less than one hundred thousand dollars**  
11          **(\$100,000) may expand the territory in which the standard**  
12          **company insures property to not more than ten (10) counties**  
13          **if the expansion is approved by the affirmative vote of a**  
14          **majority of the standard company's:**

15               **(A) board of directors; or**

16               **(B) policyholders present and voting at a meeting of the**  
17               **policyholders.**

18          **(2) A standard company with annual direct written premiums**  
19          **that total not less than two hundred fifty thousand dollars**  
20          **(\$250,000) may expand the territory in which the standard**  
21          **company insures property to more than ten (10) counties if**  
22          **the expansion is approved by the affirmative vote of a**  
23          **majority of the standard company's:**

24               **(A) board of directors; or**

25               **(B) policyholders present and voting at a meeting of the**  
26               **policyholders.**

27          **(b) The net retention per risk of a standard company may not**  
28          **exceed two-tenths percent (0.2%) of the standard company's**  
29          **insurance in force.**

30       **Sec. 5. A standard company may issue a policy insuring against**  
31       **loss or damage to property of a policyholder of the standard**  
32       **company from the perils specified in section 2 of this chapter in**  
33       **any county located in Indiana if the standard company maintains**  
34       **a policyholder surplus or reinsurance that the commissioner**  
35       **determines is sufficient to protect the financial stability of the**  
36       **standard company.**

37       **Sec. 6. (a) A standard company shall, not later than March 1,**  
38       **prepare and file with the commissioner an annual statement:**

1 (1) that is on a form prescribed by the commissioner;

2 (2) that is verified by an affidavit of the:

3 (A) president; and

4 (B) secretary;

5 of the board of the standard company and individuals who are  
6 authorized to do business on behalf of the standard company;  
7 and

8 (3) that reflects the condition of the standard company as of  
9 the end of the calendar year immediately preceding the date  
10 of the annual statement.

11 (b) An annual statement prepared and filed under subsection (a)  
12 must be presented at the annual meeting of the standard company.

13 (c) An annual statement filed under subsection (a) must be  
14 accompanied by the filing fee set forth under IC 27-1-3-15.

#### 15 Chapter 4. Extended Farm Mutual Insurance Companies

16 Sec. 1. An extended company is subject to the requirements of  
17 IC 27-5.1-2 and this chapter.

18 Sec. 2. (a) A farm mutual insurance company that was  
19 authorized to provide insurance in Indiana on June 30, 2002, may  
20 elect to obtain a certificate of authority as an extended company.

21 (b) An election under subsection (a) is made by:

22 (1) an affirmative vote by the board of directors of the farm  
23 mutual insurance company:

24 (A) on a resolution to convert to an extended company;  
25 and

26 (B) an amendment of the articles of incorporation of the  
27 farm mutual insurance company; and

28 (2) filing the resolution and amended articles of incorporation  
29 with the commissioner.

30 (c) The commissioner shall, upon:

31 (1) receiving the filing of a resolution and amended articles of  
32 incorporation of a farm mutual insurance company under  
33 subsection (b); and

34 (2) a determination by the commissioner that the farm mutual  
35 insurance company is in compliance with the requirements of  
36 this article and any other applicable law;

37 issue an amended certificate of authority to the farm mutual  
38 insurance company recognizing the farm mutual insurance

1 company as an extended company.

2 (d) A farm mutual insurance company, after receiving an  
3 amended certificate of authority under subsection (c):

4 (1) is subject to the requirements of this chapter; and

5 (2) may commence the business of insurance as an extended  
6 company.

7 Sec. 3. An extended company may:

8 (1) insure the property of policyholders of the extended  
9 company against loss or damage that is caused by:

10 (A) fire;

11 (B) windstorm;

12 (C) causes specified under an extended coverage provision;  
13 and

14 (D) other perils that are specified in the policy form;

15 (2) insure the property of policyholders of the extended  
16 company against:

17 (A) loss of use;

18 (B) loss of occupancy;

19 (C) loss of rents; and

20 (D) additional expenses;

21 that result from direct loss or damage to covered property;  
22 and

23 (3) provide other kinds of insurance that are approved by the  
24 commissioner.

25 Sec. 4. To provide fire or windstorm insurance as described in  
26 section 3(1) and 3(2) of this chapter:

27 (1) an extended company must maintain a policyholder  
28 surplus as required under IC 27-1-6-15; and

29 (2) an extended company must maintain reinsurance that the  
30 commissioner determines to be sufficient to protect the  
31 financial stability of the extended company.

32 Sec. 5. (a) An extended company:

33 (1) may collect a membership fee and initial premium charge  
34 that are prescribed by the board of directors of the extended  
35 company; and

36 (2) shall collect, not less than annually, an amount that is  
37 sufficient to enable the extended company to:

38 (A) pay losses and expenses; and



1           **(B) create and maintain a policyholder surplus in**  
 2           **accordance with the articles of incorporation and bylaws**  
 3           **of the extended company.**

4           **(b) Collections under subsection (a) are subject to the following**  
 5           **requirements:**

6           **(1) Collections must be made through assessments or**  
 7           **premiums charged by the extended company on certain**  
 8           **policies issued by the extended company as determined by the**  
 9           **board of directors of the extended company.**

10          **(2) A member of the extended company that holds a policy**  
 11          **that is issued on the premium basis:**

12           **(A) shall pay the stipulated premium not later than the**  
 13           **time at which the policy is issued; and**

14           **(B) may not be assessed.**

15          **(3) A member that holds a policy that is issued on a basis**  
 16          **other than a premium basis:**

17           **(A) may be charged an advance assessment that is payable**  
 18           **not later than the time at which the policy is issued, as**  
 19           **determined by the board of directors of the extended**  
 20           **company; and**

21           **(B) may be assessed if a further assessment is required**  
 22           **under the articles of incorporation of the extended**  
 23           **company.**

24          **(c) The terms and conditions of assessments made under this**  
 25          **section must be clearly disclosed in the policy.**

26          **Sec. 6. The following requirements apply to the policyholder**  
 27          **surplus of an extended company:**

28           **(1) The articles of incorporation of the extended company**  
 29           **must provide for the existence, maintenance, and use of the**  
 30           **policyholder surplus.**

31           **(2) The policyholder surplus may be used only for the**  
 32           **payment of losses and expenses considered necessary by the**  
 33           **board of directors of the extended company.**

34           **(3) The existence or maintenance of the policyholder surplus**  
 35           **does not relieve a policyholder of any assessment or other**  
 36           **obligation that the:**

37           **(A) policyholder owes to the extended company; or**

38           **(B) extended company has levied against the policyholder.**

**(4) If the extended company is dissolved, the fund must be treated in the same manner as any other asset of the extended company.**

**Sec. 7. An extended company may make investments in accordance with IC 27-1-13-3.**

**Sec. 8. (a) An extended company shall, not later than March 1, prepare and file with the commissioner an annual statement:**

**(1) that is on a form prescribed by the commissioner;**

**(2) that is verified by an affidavit of the:**

**(A) president; and**

**(B) secretary;**

**of the board of the extended company; and**

**(3) that reflects the condition of the extended company as of the end of the calendar year immediately preceding the date of the annual statement.**

**(b) An annual statement prepared and filed under subsection (a) must be presented at the annual meeting of the extended company.**

**(c) An annual statement filed under subsection (a) must be accompanied by the filing fee set forth in IC 27-1-3-15.**

SECTION 64. IC 27-6-1.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. This chapter does not apply to any of the parties to a contract of merger or consolidation under ~~IC 27-5-4-3~~. **IC 27-5.1-2-22.**

SECTION 65. IC 27-6-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Every ~~farmers' farm~~ mutual insurance company authorized on or after March 11, 1955, to make the kinds of insurance and reinsurance permitted under and pursuant to the provisions of ~~IC 27-5-3~~ **IC 27-5.1-2** is hereby authorized to write, make, or take, in addition to the kinds of reinsurance authorized under ~~IC 27-5-3~~; **IC 27-5.1-2**, any kind or kinds of reinsurance on lines of insurance or hazards which they cede and shall not write, make, or take reinsurance on any hazard or lines of insurance that they do not themselves cede to other reinsurers.

SECTION 66. IC 27-6-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. As used in this chapter, unless otherwise provided:

**(1) The term "account" means any one (1) of the three (3) accounts created by section 5 of this chapter.**

1 (2) The term "association" means the Indiana Insurance Guaranty  
2 Association created by section 5 of this chapter.

3 (3) The term "commissioner" means the commissioner of  
4 insurance of this state.

5 (4) The term "covered claim" means an unpaid claim which arises  
6 out of and is within the coverage and not in excess of the  
7 applicable limits of an insurance policy to which this chapter  
8 applies issued by an insurer, if the insurer becomes an insolvent  
9 insurer after the effective date (January 1, 1972) of this chapter  
10 and (a) the claimant or insured is a resident of this state at the  
11 time of the insured event or (b) the property from which the claim  
12 arises is permanently located in this state. "Covered claim" shall  
13 be limited as provided in section 7 of this chapter, and shall not  
14 include (1) any amount due any reinsurer, insurer, insurance pool,  
15 or underwriting association, as subrogation recoveries or  
16 otherwise. However, a claim for any such amount, asserted  
17 against a person insured under a policy issued by an insurer which  
18 has become an insolvent insurer, which if it were not a claim by  
19 or for the benefit of a reinsurer, insurer, insurance pool or  
20 underwriting association, would be a "covered claim" may be  
21 filed directly with the receiver or liquidator of the insolvent  
22 insurer, but in no event may any such claim be asserted in any  
23 legal action against the insured of such insolvent insurer; nor (2)  
24 any supplementary obligation including but not limited to  
25 adjustment fees and expenses, attorney fees and expenses, court  
26 costs, interest and bond premiums, whether arising as a policy  
27 benefit or otherwise, prior to the appointment of a liquidator; nor  
28 (3) any unpaid claim that is not both filed within one (1) year after  
29 an order of liquidation and permitted to share in liquidation  
30 distributions under IC 27-9-3-33 if the insolvent insurer is a  
31 domestic insurer or in accordance with the applicable provisions  
32 of the law of the state of domicile if the insolvent insurer is not  
33 a domestic insurer; nor (4) any claim by a person whose net worth  
34 at the time an insured event occurred was more than five million  
35 dollars (\$5,000,000); nor (5) a claim against a person insured by  
36 an insolvent insurer if the person's net worth at the time an  
37 insured event occurred was more than fifty million dollars  
38 (\$50,000,000); nor (6) any claim by a person who directly or

indirectly controls, is controlled, or is under common control with an insolvent insurer on December 31 of the year before the order of liquidation. All covered claims filed in the liquidation proceedings shall be referred immediately to the association by the liquidator for processing as provided in this chapter.

(5) The term "insolvent insurer" means (a) a member insurer holding a valid certificate of authority to transact insurance in this state either at the time the policy was issued or when the insured event occurred and (b) against whom a final order of liquidation, with a finding of insolvency, to which there is no further right of appeal, has been entered by a court of competent jurisdiction in the company's state of domicile. "Insolvent insurer" shall not be construed to mean an insurer with respect to which an order, decree, judgment or finding of insolvency whether preliminary or temporary in nature or order to rehabilitation or conservation has been issued by any court of competent jurisdiction prior to January 1, 1972 or which is adjudicated to have been insolvent prior to that date.

(6) The term "member insurer" means any person who is licensed or holds a certificate of authority under IC 27-1-6-18 or IC 27-1-17-1 to transact in Indiana any kind of insurance for which coverage is provided under section 3 of this chapter, including the exchange of reciprocal or inter-insurance contracts. The term includes any insurer whose license or certificate of authority to transact such insurance in Indiana may have been suspended, revoked, not renewed, or voluntarily surrendered. A "member insurer" does not include farmers' mutual insurance companies organized and operating pursuant to ~~IC 27-5,~~ **IC 27-5.1** other than ~~IC 27-5-3 and IC 27-5-4-2.~~ **a farm mutual insurance company to which IC 27-5.1-2-6 applies.**

(7) The term "net direct written premiums" means direct gross premiums written in this state on insurance policies to which this chapter applies, less return premiums thereon and dividends paid or credited to policyholders on such direct business. "Net direct premiums written" does not include premiums on contracts between insurers or reinsurers.

(8) The term "person" means an individual, corporation, limited liability company, partnership, reciprocal or inter-insurance

- 1 exchange, association, or voluntary organization."
- 2 Page 106, line 24, after "(B)" insert **"licensed"**.
- 3 Page 106, line 24, after "intermediary" insert **"in this state"**.
- 4 Page 106, line 38, after "or a" insert **"licensed"**.
- 5 Page 107, line 3, after "or a" insert **"licensed"**.
- 6 Page 115, line 18, delete "(a)".
- 7 Page 115, delete lines 27 through 37.
- 8 Page 116, line 16, delete "acknowledged by" and insert **"filed with"**.
- 9 Page 117, line 11, after "." insert **"After June 30, 2002, a notice of**
- 10 **intention not to renew is not required if:**
- 11 **(1) the insured is transferred from an insurer to an affiliate of**
- 12 **the insurer for future coverage as a result of a merger,**
- 13 **acquisition, or company restructuring; and**
- 14 **(2) the transfer results in the same or broader coverage."**
- 15 Page 133, between lines 38 and 39, begin a new paragraph and
- 16 insert:
- 17 "SECTION 105. IC 27-8-8-2 IS AMENDED TO READ AS
- 18 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) As used in this
- 19 chapter:
- 20 "Account" means one of the three (3) accounts created under section
- 21 3 of this chapter.
- 22 "Association" means the Indiana life and health insurance guaranty
- 23 association created under section 3 of this chapter.
- 24 "Commissioner" refers to the commissioner of insurance.
- 25 "Contractual obligation" means an obligation under covered
- 26 policies.
- 27 "Covered policy" means any policy or contract that is of a type
- 28 described in section 1(a) of this chapter and is not excluded by section
- 29 1(b) of this chapter.
- 30 "Impaired insurer" means a member insurer deemed by the
- 31 commissioner to be potentially unable to fulfill its contractual
- 32 obligations.
- 33 "Insolvent insurer" means a member insurer who becomes insolvent
- 34 and is placed under a final order of liquidation, rehabilitation, or
- 35 conservation by a court.
- 36 "Member insurer" means any person that is licensed or holds a
- 37 certificate of authority to transact in Indiana any kind of insurance for
- 38 which coverage is provided under this chapter. The term includes any

insurer whose license or certificate of authority to transact such insurance in Indiana may have been suspended, revoked, not renewed, or voluntarily withdrawn but does not include the following:

- (1) A medical and hospital service organization.
- (2) A health maintenance organization under IC 27-13.
- (3) A fraternal benefit society under IC 27-11.
- (4) The Indiana Comprehensive Health Insurance Association or any other mandatory state pooling plan or arrangement.
- (5) An assessment company or any other person that operates an assessment plan (as defined in IC 27-1-2-3(y)).
- (6) An interinsurance exchange authorized by IC 27-6-6.
- (7) A prepaid limited health service organization or a limited service health maintenance organization under IC 27-13-34.
- (8) A special service health care delivery plan under IC 27-8-7.
- (9) A ~~farmer's farm~~ mutual insurance company under ~~IC 27-5~~.  
**IC 27-5.1.**
- (10) Any person similar to any person described in subdivisions (1) through (9).

"Premiums" means direct gross insurance premiums and annuity considerations received on covered policies, less return premiums and considerations, and dividends paid or credited to policyholders on direct business. It does not include premiums and considerations on contracts between insurers and reinsurers. For purposes of assessments made under section 6 of this chapter, "premiums" for covered policies shall not be reduced on account of any limitation on benefits for which the association is obligated under section 5(l) of this chapter. However, "premiums" for assessment purposes does not include that portion of any premium exceeding five million dollars (\$5,000,000) for any one (1) unallocated annuity contract.

"Person" means any natural person, corporation, limited liability company, partnership, association, voluntary organization, trust, governmental organization or entity, or other business organization or entity.

"Resident" means any person who resides in Indiana at the time the association becomes obligated for an impaired or insolvent insurer. Persons other than natural persons are considered to reside in the state where their principal place of business is located.

"Unallocated annuity contract" means an annuity contract or group

annuity certificate that is not issued to and held by a natural person (excluding a natural person acting as a trustee), except to the extent of any annuity benefits guaranteed to a natural person by an insurer under the contract or certificate. For the purposes of section 1.5 of this chapter, an unallocated annuity contract shall not be considered a group covered policy.

(b) For purposes of this chapter, a policy, contract, or certificate is considered to be held by the person identified on the policy, contract, or certificate as the holder or owner of the policy, contract, or certificate."

Page 152, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 125. IC 27-9-3-40.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40.5. (a) A claim under a contract that is funded by an account established under IC 27-1-5-1 as a segregated investment account must be satisfied from the assets maintained in the account. The segregated investment account is not chargeable with a liability arising out of other business that the insurer conducts that has no specific relation to or dependence on the account.**

**(b) Surplus remaining in a segregated investment account by virtue of a guarantee by the insurer as described in IC 27-1-5-1 must be included in the assets of the insurer's estate.**

**(c) A deficit in a segregated investment account by virtue of a guarantee by an insurer as described in IC 27-1-5-1 must be treated as a Class 2 claim under section 40 of this chapter."**

Page 157, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 134. IC 27-13-36.2-4, AS ADDED BY P.L.162-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) A health maintenance organization shall pay or deny each clean claim as follows:

(1) If the claim is filed electronically, not ~~less~~ **more** than thirty (30) days after the date the claim is received by the health maintenance organization.

(2) If the claim is filed on paper, not ~~less~~ **more** than forty-five (45) days after the date the claim is received by the health maintenance organization.

1 (b) If:  
 2 (1) a health maintenance organization fails to pay or deny a clean  
 3 claim in the time required under subsection (a); and  
 4 (2) the health maintenance organization subsequently pays the  
 5 claim;  
 6 the health maintenance organization shall pay the provider that  
 7 submitted the claim interest on the lesser of the usual, customary, and  
 8 reasonable charge for the health care services provided to the enrollee  
 9 or an amount agreed to between the health maintenance organization  
 10 and the provider paid under this section.

11 (c) Interest paid under subsection (b):  
 12 (1) accrues beginning:  
 13 (A) thirty-one (31) days after the date the claim is filed under  
 14 subsection (a)(1); or  
 15 (B) forty-six (46) days after the date the claim is filed under  
 16 subsection (a)(2); and  
 17 (2) stops accruing on the date the claim is paid.

18 (d) In paying interest under subsection (b), a health maintenance  
 19 organization shall use the same interest rate as provided in  
 20 IC 12-15-21-3(7)(A).".

21 Page 163, between lines 34 and 35, begin a new paragraph and  
 22 insert:

23 "SECTION 146. IC 34-30-17-1 IS AMENDED TO READ AS  
 24 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. This chapter applies  
 25 to all insurers, including ~~farmers'~~ **farm** mutual insurance companies  
 26 operating under ~~IC 27-5~~. **IC 27-5.1**".

27 Page 169, line 15, delete "." and insert "; IC 27-5.

28 SECTION 151. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding**  
 29 **IC 27-5.1-2-21, as added by this act, before January 1, 2003, an**  
 30 **insurance producer that solicits, negotiates, or sells policies issued**  
 31 **by a standard farm mutual insurance company that held a**  
 32 **certificate of authority to conduct insurance business in Indiana on**  
 33 **June 30, 2002, may continue to solicit, negotiate, or sell the same**  
 34 **insurance that the insurance producer was previously authorized**  
 35 **to sell and is not required to take the examination required under**  
 36 **IC 27-1-15.6.**

37 **(b) This SECTION expires January 1, 2003.**

38 SECTION 152. [EFFECTIVE JULY 1, 2002] **Any rate or form**



1       **filed by a farm mutual insurance company before July 1, 2002, is**  
2       **valid and remains in effect notwithstanding the repeal of IC 27-5**  
3       **and the addition of IC 27-5.1 by this act."**

4       Renumber all SECTIONS consecutively.  
      (Reference is to HB 1386 as introduced.)

**and when so amended that said bill do pass.**

---

Representative Crooks